

AMENDED IN SENATE JUNE 19, 2003  
AMENDED IN ASSEMBLY APRIL 29, 2003  
AMENDED IN ASSEMBLY MARCH 13, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

**ASSEMBLY BILL**

**No. 309**

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**Introduced by Assembly Member Chu**  
**(Coauthors: Assembly Members Chan, Correa, Dymally,**  
**Goldberg, Hancock, Leno, Longville, and Vargas) Vargas, and**  
**Yee)**

(Coauthors: Senators Escutia, Kuehl, and Romero)

February 7, 2003

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An act to amend Section 1632 of the Civil Code, relating to contracts.

LEGISLATIVE COUNSEL'S DIGEST

AB 309, as amended, Chu. Contracts: foreign languages.

Existing law requires a person in a trade or business who negotiates specified contracts or agreements primarily in the Spanish language to deliver to the other party prior to execution thereof, a Spanish language translation of the contract or agreement, except as specified. Failure to comply entitles the aggrieved party to rescind the contract or agreement.

This bill would extend these provisions to the foreign languages of Chinese, Tagalog, Vietnamese, and Korean, in addition to the Spanish language. The bill would also set forth the findings and declarations of the Legislature in this regard.

This bill would become operative *on July 1, 2004*, only if SB 146 of the 2003–04 Regular Session is enacted, and is effective on or before January 1, 2004.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 1632 of the Civil Code is amended to  
2 read:

3 1632. (a) The Legislature hereby finds and declares all of the  
4 following:

5 (1) This section was enacted in 1976 to increase consumer  
6 information and protections for the state's sizeable and growing  
7 Spanish-speaking population.

8 (2) Since 1976, the state's population has become increasingly  
9 diverse and the number of Californians who speak languages other  
10 than English as their primary language at home has increased  
11 dramatically.

12 (3) According to data from the United States Census of 2000,  
13 of the more than 12 million Californians who speak a language  
14 other than English in the home, approximately 4.3 million speak  
15 an Asian *dialect* or another language other than Spanish. The top  
16 five languages other than English most widely spoken by  
17 Californians in their homes are Spanish, Chinese, Tagalog,  
18 Vietnamese, and Korean. Together, these languages are spoken by  
19 approximately 83 percent of all Californians who speak a language  
20 other than English in their homes.

21 (b) Any person engaged in a trade or business who negotiates  
22 primarily in Spanish, Chinese, Tagalog, Vietnamese, or Korean,  
23 orally or in writing, in the course of entering into any of the  
24 following, shall deliver to the other party to the contract or  
25 agreement and prior to the execution thereof, an unexecuted  
26 translation of the contract or agreement, in the language in which  
27 the contract or agreement was negotiated:

28 (1) A contract or agreement subject to the provisions of Title 2  
29 (commencing with Section 1801) of, and Chapter 2b  
30 (commencing with Section 2981) and Chapter 2d (commencing  
31 with Section 2985.7) of Title 14 of, Part 4 of Division 3.

1 (2) A loan or extension of credit secured other than by real  
2 property, or unsecured, for use primarily for personal, family or  
3 household purposes.

4 (3) A lease, sublease, rental contract or agreement, or other  
5 term of tenancy contract or agreement, for a period of longer than  
6 one month, covering a dwelling, an apartment, or mobilehome, or  
7 other dwelling unit normally occupied as a residence.

8 (4) Notwithstanding paragraph (2), a loan or extension of credit  
9 for use primarily for personal, family or household purposes  
10 where the loan or extension of credit is subject to the provisions  
11 of Article 7 (commencing with Section 10240) of Chapter 3 of Part  
12 1 of Division 4 of the Business and Professions Code, or Division  
13 7 (commencing with Section 18000), or Division 9 (commencing  
14 with Section 22000) of the Financial Code.

15 (5) A contract or agreement, containing a statement of fees or  
16 charges, entered into for the purpose of obtaining legal services,  
17 when the person who is engaged in business is currently licensed  
18 to practice law pursuant to Chapter 4 (commencing with Section  
19 6000) of Division 3 of the Business and Professions Code.

20 (c) Notwithstanding subdivision (b), for a loan subject to this  
21 part and to Article 7 (commencing with Section 10240) of Chapter  
22 3 of Part 1 of Division 4 of the Business and Professions Code, the  
23 delivery of a translation of the statement to the borrower required  
24 by Section 10240 of the Business and Professions Code in any of  
25 the languages specified in subdivision (b) in which the contract or  
26 agreement was negotiated, is in compliance with subdivision (b).

27 (d) At the time and place where a lease, sublease, or rental  
28 contract or agreement described in subdivision (b) is executed,  
29 notice in any of the languages specified in subdivision (b) in which  
30 the contract or agreement was negotiated shall be provided to the  
31 lessee or tenant.

32 (e) Provision by a supervised financial organization of a  
33 translation of the disclosures required by Regulation M or  
34 Regulation Z, and, if applicable, Division 7 (commencing with  
35 Section 18000) or Division 9 (commencing with Section 22000)  
36 of the Financial Code in any of the languages specified in  
37 subdivision (b) in which the contract or agreement was negotiated,  
38 prior to the execution of the contract or agreement, shall also be  
39 deemed compliance with the requirements of subdivision (b) with  
40 regard to the original contract or agreement.



1 (1) “Regulation M” and “Regulation Z” mean any rule,  
2 regulation, or interpretation promulgated by the Board of  
3 Governors of the Federal Reserve System and any interpretation  
4 or approval issued by an official or employee duly authorized by  
5 the board to issue interpretations or approvals dealing with,  
6 respectively, consumer leasing or consumer lending, pursuant to  
7 the Federal Truth in Lending Act, as amended (15 U.S.C. Sec.  
8 1601 et seq.).

9 (2) As used in this section, “supervised financial organization”  
10 means a bank, savings association, as defined in Section 5102 of  
11 the Financial Code, credit union, or holding company, affiliate, or  
12 subsidiary thereof, or any person subject to Article 7 (commencing  
13 with Section 10240) of Chapter 3 of Part 1 of Division 4 of the  
14 Business and Professions Code, or Division 7 (commencing with  
15 Section 18000) or Division 9 (commencing with Section 22000)  
16 of the Financial Code.

17 (f) At the time and place where a contract or agreement  
18 described in paragraph (1) or (2) of subdivision (b) is executed, a  
19 notice in any of the languages specified in subdivision (b) in which  
20 the contract or agreement was negotiated shall be conspicuously  
21 displayed to the effect that the person described in subdivision (b)  
22 is required to provide an unexecuted contract or agreement in the  
23 language in which the contract or agreement was negotiated, or a  
24 translation of the disclosures required by law in the language in  
25 which the contract or agreement was negotiated, as the case may  
26 be. If a person described in subdivision (b) does business at more  
27 than one location or branch, the requirements of this section shall  
28 apply only with respect to the location or branch at which the  
29 language in which the contract or agreement was negotiated is  
30 used.

31 (g) The term “contract” or “agreement,” as used in this  
32 section, means the document creating the rights and obligations of  
33 the parties and includes any subsequent document making  
34 substantial changes in the rights and obligations of the parties. The  
35 term “contract” or “agreement” does not include any subsequent  
36 documents authorized or contemplated by the original document  
37 such as periodic statements, sales slips or invoices representing  
38 purchases made pursuant to a credit card agreement, a retail  
39 installment contract or account or other revolving sales or loan

1 account, memoranda of purchases in an add-on sale, or refinancing  
2 of a purchase as provided by, or pursuant to, the original document.

3 The term “contract” or “agreement” does not include a home  
4 improvement contract as defined in Sections 7151.2 and 7159 of  
5 the Business and Professions Code, nor does it include plans,  
6 specifications, description of work to be done and materials to be  
7 used, or collateral security taken or to be taken for the retail buyer’s  
8 obligation contained in a contract for the installation of goods by  
9 a contractor licensed pursuant to Chapter 9 (commencing with  
10 Section 7000) of Division 3 of the Business and Professions Code,  
11 if the home improvement contract or installation contract is  
12 otherwise a part of a contract described in subdivision (b).

13 Matters ordinarily incorporated by reference in contracts or  
14 agreements as described in paragraph (3) of subdivision (b),  
15 including, but not limited to, rules and regulations governing a  
16 tenancy and inventories of furnishings to be provided by the  
17 person described in subdivision (b), are not included in the term  
18 “contract” or “agreement.”

19 (h) This section does not apply to any person engaged in a trade  
20 or business who negotiates primarily in a language other than  
21 English as described by subdivision (b) if the party with whom he  
22 or she is negotiating is a buyer of goods or services, or receives a  
23 loan or extension of credit, or enters an agreement obligating  
24 himself or herself as a tenant, lessee, or sublessee, or similarly  
25 obligates himself or herself by contract or lease, and the party  
26 negotiates the terms of the contract, lease, or other obligation  
27 through his or her own interpreter.

28 As used in this subdivision, “his or her own interpreter” means  
29 a person, not a minor, able to speak fluently and read with full  
30 understanding both the English language and any of the languages  
31 specified in subdivision (b) in which the contract or agreement was  
32 negotiated, and who is not employed by, or whose service is made  
33 available through, the person engaged in the trade or business.

34 (i) The terms of the contract or agreement which is executed in  
35 the English language shall determine the rights and obligations of  
36 the parties. However, the translation of the contract or the  
37 disclosures required by subdivision (e) in any of the languages  
38 specified in subdivision (b) in which the contract or agreement was  
39 negotiated shall be admissible in evidence only to show that no

1 contract was entered into because of a substantial difference in the  
2 material terms and conditions of the contract and the translation.

3 (j) Upon a failure to comply with the provisions of this section,  
4 the person aggrieved may rescind the contract or agreement in the  
5 manner provided by this chapter. When the contract for a  
6 consumer credit sale or consumer lease which has been sold and  
7 assigned to a financial institution is rescinded pursuant to this  
8 subdivision, the consumer shall make restitution to and have  
9 restitution made by the person with whom he or she made the  
10 contract, and shall give notice of rescission to the assignee.  
11 Notwithstanding that the contract was assigned without recourse,  
12 the assignment shall be deemed rescinded and the assignor shall  
13 promptly repurchase the contract from the assignee.

14 SEC. 2. *This act shall become operative on July 1, 2004.*

15 SEC. 3. This act shall become operative only if Senate Bill  
16 146 of the 2003–04 Regular Session is enacted and becomes  
17 effective on or before January 1, 2004.

